

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FEA-01
/105 W

-----121529 200229Z /72

R 192339Z JUL 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3623

INFO AMCONSUL MONTERREY

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EO 11652: N/A

TAGS: EGEN, ENRG, MX

SUBJECT: MEXICAN INDUSTRIALIZATION PLANS

1. SOME INTERESTING GLIMPSES OF GOM CURRENT THINKING ON INDUSTRIAL DEVELOPMENT WERE GIVEN DURING A RECENT VISIT BY EXIMBANK AND EMBASSY OFFICIALS TO THE SECRETARIAT OF NATIONAL PATRIMONY ON INDUSTRIAL DEVELOPMENT. ACCORDING TO NATAN WARMAN, SUBSECRETARY FOR INDUSTRIAL DEVELOPMENT, THE GOM IS PLANNING AN AMBITIOUS PROGRAM TO DEVELOP ITS CAPITAL GOODS INDUSTRY. THE PROGRAM ENVISIONS A 5.5 PERCENT INDUSTRIAL GROWTH RATE IN 1977, RISING TO 11.5 PERCENT IN 1982, AND AVERAGING 9.5 PERCENT DURING THIS ADMINISTRATION'S SIX YEARS IN OFFICE.

2. NAFINSA WOULD PROVIDE THE WORKING CAPITAL FOR JOINT VENTURES WITH FOREIGN PARTNERS. THERE WOULD BE LESS EMPHASIS ON THE MEXICAN CONTENT AND MORE ON PRICING GOODS AT THE SAME LEVELS PREVALENT IN THE FOREIGN PARTNERS' HOME MARKETS.

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3. COMPANIES COULD NOT EXPECT TO BE SHIELDED FROM INTERNATIONAL COMPETITION BY HIGH PROTECTIVE TARIFFS (OR QUOTAS). THOSE PRODUCTS WITH LOW PERCENTAGES OF MEXICAN CONTENT WOULD BE EXPECTED TO EXPORT A LARGER PERCENTAGE OF THEIR OUTPUT THAN COMPANIES WITH HIGH LOCAL CONTENT.

4. MEXICO CURRENTLY PRODUCES ABOUT 52 PERCFNT OF ITS CAPITAL GOODS. IF THIS PROGRAM RAISES DOMESTIC PRODUCTION BY 15 PERCENT, IT WOULD RESULT IN A 12 PERCENT DECLINE IN THE BALANCE OF PAYMENTS DEFICIT. INITIAL EFFORTS WILL FOCUS ON PETROLEUM AND ELECTRICAL EQUIPMENT INDUSTRIES.

5. ON THIS AND OTHER RECENT OCCASIONS, WARMAN SAID THAT

IT HAD BEEN A MISTAKE TO INAUGURATE THE ESTABLISHMENT OF IN-BOND INDUSTRIES AT THE U.S. BORDER; IN THE FUTURE THEY WOULD BE IN THE INTERIOR OF MEXICO.

6. EMBASSY COMMENT. WARMAN HAS APPARENTLY NOT YET RECOGNIZED THAT THE FIRST (1977) STAGE OF INDUSTRIAL GROWTH IS PROBABLY ALREADY UNATTAINABLE. HIS BOSS, SECRETARY OTEYZA, RECENTLY ANNOUNCED THAT THE GROWTH IN THE INDUSTRIAL SECTOR FOR 1977 WOULD PROBABLY NOT EXCEED TWO PERCENT (SEE MEXICO 11790). LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO11961
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770257-0171
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770743/aaaabkyf.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 42689a67-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1819613
Secure: OPEN
Status: NATIVE
Subject: MEXICAN INDUSTRIALIZATION PLANS
TAGS: EGEN, ENRG, EIND, MX
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/42689a67-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009